

PAY TELEPHONE LOCATION AGREEMENT

This Pay Telephone Location Agreement made the 11th day of January, 1990, by and between Davidson County Sheriff's Department, hereinafter called LESSOR and Pay Tel Communications, Inc., hereinafter called LESSEE, on the following terms and conditions:

1. LEASE. LESSOR, for and in consideration of the rent hereinafter set out and service provided by LESSEE, does hereby lease to said LESSEE a site for the purpose of installing and operating coin operated or coinless pay telephone(s) upon the following described locations and does hereby grant the exclusive right and license to LESSEE for said purpose upon said location(s).

2. LOCATION. The site(s) of said lease and license shall be upon the property described on Attachment A.

3. TERM. The term of this agreement shall commence upon the date of the installation of LESSEE's pay telephones and shall continue for a period of five (5) years from the date of the commencement of the term. This agreement shall be automatically renewed for successive five (5) year terms, unless, at least ninety (90) days prior to the expiration period of any term hereof, LESSOR gives written notice to LESSEE of LESSOR's intent to terminate this agreement.

4. LEASE PAYMENT. The lease payment shall be 20 percent (%) of the revenues received for every O+ Collect Call placed from each pay telephone installed at the location(s). No commission will be paid on fraudulent calls. During the term of this Agreement, the lease payment is subject to adjustment by mutual agreement of LESSOR and LESSEE upon the increase in tariffs imposed by the State Utility Commission or changes in the regulations governing the operation of the pay telephones covered under this Agreement. Said payments are to be paid monthly to LESSOR.

5. LESSOR and LESSEE hereby agree that:

(a) LESSEE agrees to operate the pay telephone(s) covered under this Agreement in full compliance with all the rules and regulations of the State Utility Commission and all other State and Federal Laws and Regulations.

(b) During the term of this Agreement or any renewal of the same, LESSOR shall not grant the right or use of installing and operating pay telephone service on the location(s) described herein to any other company or person, including the local telephone company.

(c) LESSOR shall notify LESSEE of any malfunction or loss of pay telephone services and shall allow LESSEE access to LESSOR's place of business during normal business hours for pay telephone repair, maintenance and collection.

(d) LESSOR shall exercise reasonable care in preventing damage or destruction to the pay telephone(s) installed under this Agreement, but shall not be liable or responsible for such loss, damage or destruction unless caused by willful or gross neglect of LESSOR.

(e) LOSSES due to fraudulent calls will be the sole responsibility of LESSEE. LESSOR will assist LESSEE in any reasonable efforts to prevent such fraud and will aid in the prosecution of any perpetrators of illegal and/or fraudulent calls.

(f) LESSOR has the authority to enter into this Agreement and, in the event of a sale of the location(s) or assignment, sublease or other transfer of the lease covering the location(s), same shall be made subject to this Agreement.

(g) All phones, wiring and booths, if any, shall be installed by LESSEE at its expense and LESSOR hereby authorizes LESSEE to contact the local telephone company to arrange for removal of existing pay telephones and the installation of necessary phone lines. The number of pay phones at the location shall be determined by mutual agreement of LESSEE and LESSOR and may be adjusted as necessary.

(h) LESSOR hereby grants LESSEE the right to contract with a long distance carrier to handle the 0+ long distance calls and LESSEE agrees to charge operator assisted rates in compliance with the rules and regulations of the State Utility Commission and all other State and Federal Laws and Regulations.

(i) LESSEE may terminate this Agreement at any time upon thirty (30) days written notice to LESSOR.

(j) LESSEE agrees to provide reasonable and adequate service to the inmates in the Davidson County Jail. LESSOR shall have the right to terminate this agreement in the event that LESSEE fails to perform its obligations under this agreement, and said failure shall continue for a period of thirty days after written notice to LESSEE of said failure.

(k) LESSOR agrees that LESSEE shall have the right to assign this Agreement. This Agreement shall be binding upon the successors and assignees of both LESSOR and LESSEE.

(l) All pay telephones and other equipment, fixtures and supplies furnished by LESSEE shall remain its property. Upon termination of this Agreement LESSEE shall have the right to enter upon the location to remove all of its property.

(m) This is the sole agreement between the parties hereto superseding all previous agreements and shall bind the parties, their successors and assigns. Each acknowledges the receipt and retention of a fully executed copy hereof. This Agreement is not binding unless and until it is reviewed and executed by a duly authorized officer of LESSEE.

EXECUTED this 17th day of January, 1990, by the undersigned parties.

LESSOR: Jim Johnson LESSEE: PAY TEL COMMUNICATIONS, INC.
BY: Davidson County Sheriff BY: Vincent Forni
ITS: Sheriff ITS: PRESIDENT
ADDRESS: P.O. 513 ADDRESS: P.O. Box 8179
Lexington, N.C. 27293 GREENSBORO, N.C. 27419